



DEPARTMENT OF  
HOMELESSNESS AND  
SUPPORTIVE HOUSING

# FY2023-24 and FY2024-25 HSH Budget Proposal

Local Homeless Coordinating Board  
February 6, 2023



# FY24 & FY25 Budget Development

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## **January 9th LHCB Presentation**

- Two-Year Citywide Budget Projections and Mayor's Budget Instructions

## **Stakeholder Input Sessions on HSH Budget Priorities**

- HSH Strategic Framework Advisory Committee (SFAC): Jan. 20th
- Meetings with Provider Networks (HESPA, SHPN, HSN, BIPOC reps):  
Jan 17<sup>th</sup> & Feb 7<sup>th</sup>

## **February 6th LHCB Presentation**

- Overview of Department's Proposed Two-Year Budget
- Changes in FY24 & FY25 Budget



# Citywide Fiscal Outlook

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Projected **\$728 M General Fund Deficit** over next two fiscal years

Key Drivers of Deficit:

- Revenue declines and loss of federal revenues
- Employee wage increases and growing benefit costs
- Increased pension costs due to expected lower market returns
- New and growing General Fund commitments that increase annually

• Mayor's Budget Instructions:

- Propose 5% ongoing General Fund reduction: ~\$13.2 M for FY24
- Propose 8% ongoing General Fund reduction: ~\$21.1 M in FY25
- Consider eliminating vacant positions to achieve budget savings
- Maintain Mayoral initiatives and recommend ways to fund more efficiently
- Prepare for fiscal outlook to worsen



# Our City, Our Home Revenue Shortfall

## Homelessness Gross Receipts Tax Forecast *(in \$ millions)*

Year	Budget / Prior Forecast	5 Yr (Nov 22 Proj)	Difference
FY22-23	313.4	284.2	(29.2)
FY23-24	328.4	281.5	(46.9)
FY24-25	341.7	288.2	(53.5)
FY25-26	350.9	297.1	(53.8)
FY26-27		316.0	
FY27-28		322.8	

- Revenue is forecasted to be lower than budgeted.
- November forecast showed \$129.6 m difference from budget from FY23-25, HSH’s share of shortfall totals: \$97.5 m over 3-year period
- Updated projection due in March

### Key assumptions:

- Net effect of 40% vs 33% decrease of gross receipts attributable to San Francisco.
- Slow or no growth of tax base in earlier years of forecast



# HSH Revenues are Declining Next Year

	Change From Prior Year Increase/ (Decrease)	Change from Prior Year Increase/ (Decrease)
HSH Revenue Sources	FY23-24 \$ in millions	FY24-25 \$ in millions
Our City, Our Home Fund (Prop C)	(24.0)	5.1
State Homeless Hsg, Assistance & Prevention HHAP 3 Grant	(47.3)	-
State HHAP 4 Grant	40.7	(40.7)
CA Housing and Disability Advocacy Program (HDAP)	(3.5)	-
Other Adjustments & Loss of One-time State PATH funds	(0.7)	(9.1)
<b>Total Increase/(Decrease) Compared to FY23 Revenues</b>	<b>(34.8)</b>	<b>(44.7)</b>



# Proposed Budget Overview

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Proposed Budget as of 2/6/23 and not reflective of final balancing

(\$ in millions)	Adopted FY2022-3 Adopted	Proposed FY2023-24 Budget	Change From FY2022-23	Proposed FY2024-25 Budget	Change From FY2023-24
<b>Total Budget</b>	<b>671.5</b>	<b>643.6</b>	<b>(27.9)</b>	<b>609.2</b>	<b>(34.4)</b>
Revenue	387.0	352.2	(34.8)	307.5	(44.7)
General Fund Support	284.5	291.4	6.9	301.7	10.3



# Cost to Maintain HSH Programs Funded with One-Time Sources

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Programs with Funds Sunsetting	FY23-24 Shortfall \$ in millions	System Capacity
Non-congregate shelters (Formerly Shelter-in-Place hotels)	24.0	295 beds
Ellis Street Adult Shelter (pending PSH conversion)	7.3	112 beds
Safe Sleep Sites in Mission & Bayview	6.3	60+ beds
Medical & Behavioral Health Services for expanded shelter (DPH workorder)	2.8	N/A
Street ambassador services in Districts 3 & 6 (H.S.A. work order)	1.2	N/A
Lease and maintenance costs for HSH office space	0.9	N/A
<b>Total Loss of One-Time Funds</b>	<b>\$45.6</b>	



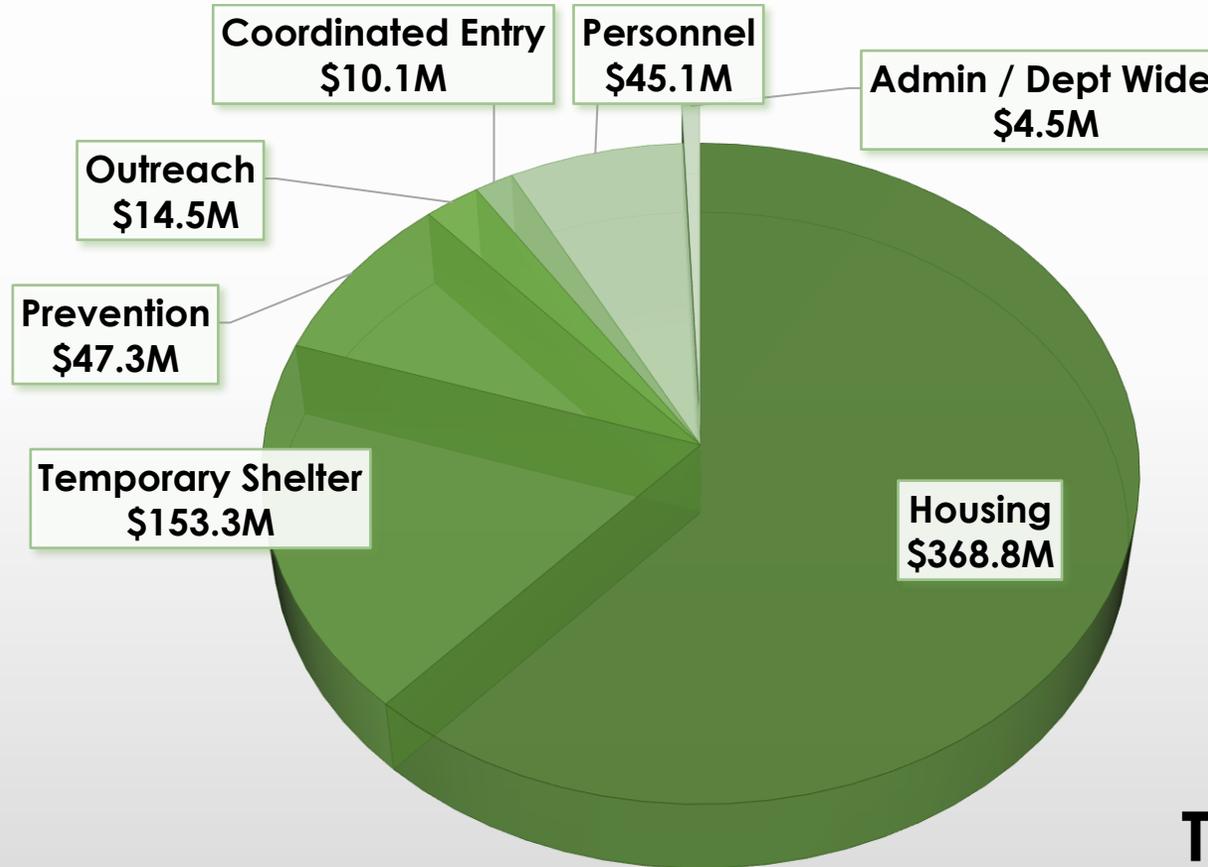
# Proposal to Maintain System Capacity

	FY23-24	FY24-25
	\$ in Millions	
<b>General Fund Reduction Target</b>	(13.2)	(21.1)
<b>HSH Proposal: Leverage Non-General Fund Sources</b>		
Encampment Resolution Grant (ERG) 1 (Accept & Expend pending)	\$10.7	-
Apply for 2 <sup>nd</sup> Round Encampment Resolution Grant	\$ 7.0	
Estimated HHAP 5 funding (Governor's proposed 2023 budget)		\$40.0
<b>Total Proposed Non-General Fund Sources</b>	\$17.7	\$40.0



# FY24 Proposed Budget by Service Area

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**Total Budget: \$643.6M**



# FY23-25 Position Summary

	<b>FY23 Adopted Budget</b>	<b>FY24 Proposed Budget</b>	<i>Change from FY24</i>	<b>FY25 Proposed Budget</b>	<i>Change from FY25</i>
<b>Full-Time Equivalent (FTE) Positions</b>	<b>228.7</b>	<b>248.4</b>	<b>19.7</b>	<b>247.6</b>	<b>(0.8)</b>

- Adopted FY23 budget included partial funding for new FTEs and one-time General Fund salary cut equivalent to 10.1 FTE
- Proposed FY24 budget restores attrition cut and budgets for the full cost of new FTEs added last year
- Additional staffing critical to meet HSH's workload demands and reduce persistent staff turnover are not yet assumed in the proposed budget

### Current Vacancies and Projected Salary Savings:

- HSH has 74 vacancies in various stages of hiring process despite making 56 appointments this year
- Projected \$3.1 million non-General Fund salary savings driven by citywide hiring delays



# FY24-25 Capital Planning Requests

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## **HSH's Request to Capital Planning Committee:**

- \$5.9 Million for 1001 Polk Family Shelter Project
  - Funding to complete design/development plans for the seismic retrofit and renovation of emergency family shelter
  - Completion of planning documents needed to apply for FEMA grant
  - Request to include project in upcoming G.O. Bond
- \$1.7 Million for 525 5th Street Adult Shelter Project
  - Planning funds to design new structure for the adult emergency shelter site



# 2023 Budget Timeline

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- **February 21:** Proposed HSH budget **submitted** to Mayor's Office
- **March-May:** Mayor's Office budget development
- **March 23:** Controller's revises Prop C (OCOH) revenue projections
- **Week of April 3rd:** HSH presents its Prop C proposed budget to OCOH Oversight Committee
- **June 1:** Mayor releases **proposed** FY23-25 Budget
- **Mid-June:** Board of Supervisors **budget hearings** and revisions
- **July:** Board of Supervisors **adopts** final FY2023-25 Budget